



## The Ohio State University

1981 Owner-Operator Crop Summary  
Ohio Farm Business Analysis  
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This report summarizes the 1981 records of 24 owner-operator crop farms. These records came from farms submitting their data to The Ohio State University for analysis. Farms summarized here were chosen because they generated at least 50% of their cash receipts from general crop sales, share rented less than 15% of their acreage, and maintained complete and accurate records. A more complete summary of these farms is given in the 1981 Farm Business Analysis Report, General Crop Summary (Extension No. MM-357, ESO 907).

Over the past decade gross farm income has increased dramatically, Figure 1. However, net cash and net farm incomes have remained relatively constant. This suggests that farmers have had to increase the volume of production to maintain similar net cash and net farm incomes. This graph does not take into account inflation which would substantially decrease these incomes.

Another point that Figure 1 shows is the bad year owner-operator crop farmers experienced in 1981. Net cash and net farm incomes plunged sharply compared to the preceding years. Why did this occur? Table 1 gives some answers. This table presents income, expenses, and production information for the years 1979 through 1981. 1981 is divided by a ranking of per hour return to unpaid labor and management into three categories; upper 50%, average and lower 50%.

There are two major reasons for the declines in net cash and net farm incomes. First, between 1980 and 1981 the general crop production value per acre declined by \$75. This situation was a result of lower grain prices. Second, there was a jump in cash expenses. Between 1980 and 1981 cash expenses increased 36% while number of tillable acres only increased 18%.

During 1981, not even the upper 50% owner-operator farms generated a positive return to unpaid labor and management income. Good management still paid off,

however, in terms of minimizing losses. The upper 50% of farms lost \$1,246 for thier labor and management while the lower 50% of farms lost \$35,590.

The major factor towards minimizing losses was controlling costs. Although the upper group had less gross income than the lower group, the upper one-half of crop farmers were better able to hold down overhead and variable costs. Thus, the upper 50% of owner-operator crop farmers remained in a relatively sound position.

The upper group of crop farmers were also better able to manage their investments. Machinery investment was \$145 per acre for the upper group compared to \$175 per acre for the lower gorup. This is turn led to lower total farm investments per acre of the upper group.

Owner-operator crop farmers must 1) control costs, 2) market their grain effectively, and 3) maintain proper investment levels to be profitable. The next several years do not hold as much promise as the '70's, therefore these factors will be even more important.

FIGURE 1 - SELECTED INCOME MEASURES  
OWNER-OPERATOR CROP FARMS, OHIO FBA, 1973-81

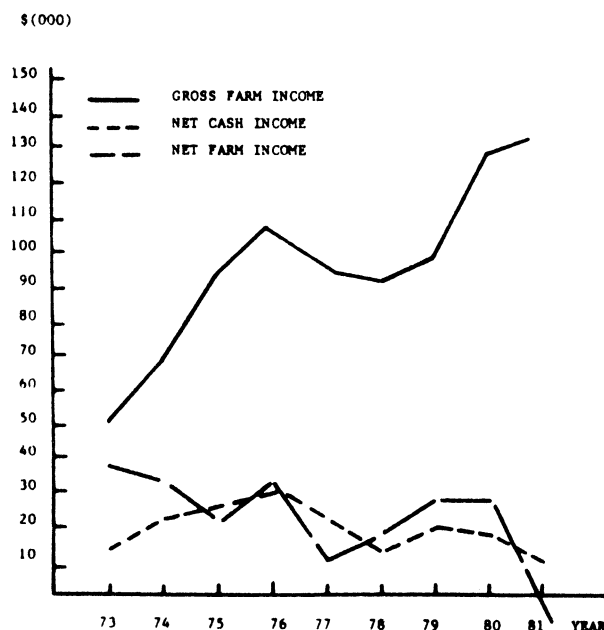


TABLE 1 -- OWNER-OPERATOR CROP SUMMARY  
OHIO FARM BUSINESS ANALYSIS REPORT

	1981			1980	1979
	UPPER 50%	AVERAGE	LOWER 50%	AVERAGE	AVERAGE
<b>INCOME</b>					
CASH RECEIPTS	\$ 119,885	138,648	157,495	118,241	85,834
CAPITAL GAINS & LOSSES	\$ 965	2,548	4,131	527	444
INVENTORY CHANGES	\$ 4,578	-3,849	-12,284	22,138	13,488
- FEEDER LIVESTOCK	\$ -2,946	-4,183	-5,419	-2,324	-838
GROSS FARM INCOME	\$ 122,411	133,164	143,923	138,574	98,856
<b>EXPENSES</b>					
CASH EXPENSES	\$ 183,247	124,369	145,491	98,936	63,293
DEPRECIATION	\$ 15,688	19,631	23,581	15,478	18,828
INTEREST NOT CHARGED	\$ 7,676	11,768	15,868	15,699	14,556
UNPAID OPERATOR & FAMILY LABOR	\$ 18,387	12,131	13,876	13,898	11,999
- FEEDER LIVESTOCK	\$ -2,946	-4,183	-5,419	-2,324	-838
TOTAL FARM EXPENSES	\$ 134,844	163,716	193,389	133,671	99,846
MANAGEMENT INCOME AND PROFIT	\$ -11,633	-38,552	-49,466	-3,897	-198
UNPAID OPERATOR AND FAMILY LABOR	\$ 18,387	12,131	13,876	13,898	11,999
OVERHEAD COSTS	\$ 55,585	69,888	82,494	61,487	45,576
VARIABLE COSTS	\$ 68,152	82,585	97,818	58,294	41,471
NET CASH INCOME	\$ 16,558	14,279	12,884	19,385	22,541
NET FARM INCOME	\$ 6,438	-6,653	-19,738	26,492	26,365
<b>INVESTMENT</b>					
TOTAL	\$ 257,883	355,821	435,838	352,138	295,482
RETURN TO INVESTMENT	\$ 13,189	1,472	-18,241	28,595	21,971
PERCENT RETURN TO INVESTMENT	% 4.8	.4	2.3	8.1	7.4
GROSS INCOME PER \$1,000 INVESTED	\$ 444	374	338	371	335
<b>UNPAID LABOR &amp; MANAGEMENT INCOME</b>					
TOTAL	\$ -1,246	-18,421	-35,598	18,793	11,889
PER HOUR	\$ -.68	-7.62	-12.97	3.69	4.49
<b>SIZE OF BUSINESS</b>					
NO. OF TILLABLE ACRES	NO. 418	472	528	399	335
NO. OF MEN	NO. 1.18	1.29	1.47	1.15	.99
NO. OF FULLTIME OPERATORS	.66	.74	.81	.95	.84
LAND INVESTMENT	\$ 116,696	148,651	164,686	174,328	135,791
<b>CROP PRODUCTION</b>					
	PER ACRE	PER ACRE	PER ACRE	PER ACRE	PER ACRE
CORN YIELD	BU. 104.7	107.8	108.4	112.6	118.9
SOYBEAN YIELD	BU. 33.3	32.5	31.6	37.2	39.5
WHEAT YIELD	BU. 48.5	47.8	47.2	51.8	50.7
GENERAL CROP ACRES	NO. 418	472	527	395	338
<b>PER ACRE PRODUCTION INFORMATION</b>					
	PER ACRE	PER ACRE	PER ACRE	PER ACRE	PER ACRE
GENERAL CROP PROD. VALUE	\$ 281	238	252	385	245
FERTILIZER AND LIME COST	\$ 58	58	63	43	48
MACHINERY INVESTMENT	\$ 145	162	175	163	148
MACHINERY COST	\$ 71	78	84	72	68
LABOR AND MANAGEMENT INCOME	\$ -3	-39	-67	27	35
TOTAL FARM INVESTMENT	\$ 668	753	825	883	882
<b>NUMBER OF FARMS</b>					
	NO. 12	24	12	26	22